

**Amendment No. 1 to HJR0743**

**Kisber  
Signature of Sponsor**

<b>FILED</b>
Date _____
Time _____
Clerk _____
Comm. Amdt. _____
_____

**AMEND <SB>**

**House Joint Resolution No. 743\***

by deleting all language after the caption and by substituting instead the following:

WHEREAS, the several states and their local units must finance the costs of government from a base already heavily drawn upon through federal taxation; and

WHEREAS, federal encroachment on and limitation of the tax base available to states, including Tennessee, results in substantial hardship on persons and businesses in Tennessee and compounds the revenue crisis that Tennessee faces; and

WHEREAS, in 1997, the United States Congress imposed a moratorium on certain state and local taxes related to electronic commerce, which will not expire for another seventeen (17) months; and

WHEREAS, a number of bills before Congress, such as S. 1611, S. 2028, S. 2255, H.R. 3709, H.R. 4202, and H.R. 4267 would extend the moratorium and at the same time would remove an exemption from the moratorium granted a handful of states that collected taxes on Internet access prior to the 1997 act; and

WHEREAS, the proposal to extend the federal moratorium represents a further and continued direct encroachment on state sovereignty and the ability to provide adequate services to the citizens of Tennessee by limiting without justification the tax base available to fund those services; and

WHEREAS, a number of states, including Tennessee, are heavily dependent upon sales and use taxes to finance the cost of government and the state sales and use tax base has been declining relative to state personal income for many years. A new threat to this tax base is the expansion of remote sales through electronic commerce,

**Amendment No. 1 to HJR0743**

**Kisber**  
**Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND <SB>**

**House Joint Resolution No. 743\***

which, according to a February, 2000 study by Dr. Donald Bruce and Dr. William F. Fox of the Center for Business and Economic Research at the University of Tennessee, is projected to cost the state of Tennessee almost three hundred million dollars (\$300,000,000) annually in lost revenue within three (3) years, and on a national level ten billion eight hundred million dollars (\$10,800,000,000) annually; and

WHEREAS, the proposal to extend the federal moratorium and to take away the existing ability of states such as Tennessee to continue to subject Internet access to the same sales and use tax requirements as other forms of business would create a new and unjustified tax exemption in Tennessee for the business of Internet access. This limitation would be particularly harmful to states such as Tennessee that rely heavily on their sales and use tax base; and

WHEREAS, with the emergence of new forms of technology and the convergence of cable, telephony and the Internet, it will become more difficult to separate and segregate Internet access as a tax-exempt component; and

WHEREAS, Tennessee has recently experienced a revenue shortfall crisis, and, through intensive study by the executive and legislative branches, has been compelled to examine its options to make up or otherwise deal with the insufficiency in anticipated revenue; and

WHEREAS, the proposed action of Congress to extend the moratorium would be inadvisable in that it would preempt state action in an important part of the spectrum of available state tax bases. Such a further limitation of state sovereignty would compel

**Amendment No. 1 to HJR0743**

**Kisber**  
**Signature of Sponsor**

<b>FILED</b>
Date _____
Time _____
Clerk _____
Comm. Amdt. _____
_____

**AMEND <SB>**

**House Joint Resolution No. 743\***

states to seek alternatives with effects that are detrimental to their citizens; now,  
therefore,

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE ONE  
HUNDRED FIRST GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE  
SENATE CONCURRING, That this General Assembly requests the United States  
Congress to refrain from any action that would extend the moratorium on state and local  
taxation related to electronic commerce and Internet access.

BE IT FURTHER RESOLVED, That appropriate copies of this resolution be sent  
to each member of the U. S. Congressional Delegation from Tennessee, to each  
member of Congress, the Speaker and Clerk of the U. S. House of Representatives, the  
President and Secretary of the U. S. Senate, and the presiding officer of each state  
legislative chamber.